



COMMONWEALTH of VIRGINIA

DEPARTMENT OF MEDICAL ASSISTANCE SERVICES
600 East Broad Street, Suite 1300
Richmond, VA 23219

October 23, 2008

ADDENDUM No. 7 TO VENDORS:

Reference Request for Proposal: RFP 2008-02

Dated: August 13, 2008

Due: November 14, 2008

Below are updates that may delete, add, modify or clarify certain aspects of the aforementioned RFP. Please incorporate as necessary.

Appendix E.V, Page E.V – 14, #18. GENERAL PROVISIONS, O. Access to and Retention of Records, 1) Access to Records:

ADD – Add additional language per the following:

1) **Access to Records** - DMAS, the Centers for Medicare and Medicaid Services, state and federal auditors, or any of their duly authorized representatives shall have access to any books, **annual reports, management's report on internal control over financial reporting, SAS 70 audit reports**, fee schedules, documents, papers, and records of the Contractor and any of its subcontractors. Access to records includes any records that are stored offsite.

Appendix F.I, Page F.I-9, #33:

REMOVE AND REPLACE – Revise language to read per the following:

33.	<p>Will the Offeror's web-based Provider Enrollment and Maintenance application have the capability to verify provider enrollment data using electronic exchanges, with the following such as:</p> <ul style="list-style-type: none">• National Practitioner Data Bank (NPDB); and or• Healthcare Integrity and Protection Data Bank (HIPDB)? <p>Describe the approach.</p>		
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Appendix F.I, Page F.I-16, #84:

DELETE - Delete this requirement in its entirety.

84.	In the event the Offeror is awarded the PES and MMIS contracts, what would the annual reduction of the fixed prices due to the reduction in staff of the Executive Account Manager and Quality Assurance and Training Specialist's being rolled up into the MMIS contract? (See Sections 4.2.2 and 5.2.1) Describe the approach.		
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Appendix F.I, Page F.I-16, #91 and #92:

DELETE – Delete “Describe the approach” from both requirements (see below).

91.	Does the Offeror agree to maintain Provider Enrollment Services normal business hours for all PES functions? Describe the approach.		
92.	Does the Offeror agree to allow the DMAS Contract Monitor, in the course of this monitoring, access to the Contractor's facility, office equipment, staff and telephone system and to the provider files, both manual and electronic? Describe the approach.		

Appendix F.II, Table F-3, #15, Page F.II-3:

REMOVE AND REPLACE – Under Item #15, Performance Target column, change 5 business days to 10 business days (see below).

PES Operational Service Level Requirements				
ID	Operational Task	Service Measure	Performance Target	Minimum Performance %
15	Maintain provider enrollment procedures manual.	Response	Update ≤ 5 business days 10	95%

Appendix F.IV, Page F.IV – 14, #18. GENERAL PROVISIONS, O. Access to and Retention of Records, 1) Access to Records:

ADD – Add additional language per the following:

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Appendix G.IV, Page G.IV – 14, #18. GENERAL PROVISIONS, O. Access to and Retention of Records, 1) Access to Records:

ADD – Add additional language per the following:

1) Access to Records - DMAS, the Centers for Medicare and Medicaid Services, state and federal auditors, or any of their duly authorized representatives shall have access to any books, **annual reports, management's report on internal control over financial reporting, SAS 70 audit reports,** fee schedules, documents, papers, and records of the Contractor and any of its subcontractors. Access to records includes any records that are stored offsite.

1) See Attachment 1 for list of additional questions posed by Offerors and the Department of Medical Assistance Services response.

Please Note: Some questions may take additional time in order to generate an adequate response. If you do not see a response to a question you have submitted, please monitor the DMAS and eVA website for future addendums.

Note: A signed acknowledgment of this addendum must be received by this office either prior to the due date and hour required or attached to your proposal response. Signature on this addendum does not substitute for your signature on the original proposal document. The original proposal document must be signed.

Sincerely,

Christopher M. Banaszak

DMAS Contract Manager

Name of Firm: _____

Signature and Title: _____

Date: _____

Attachment 1
RFP 2008-02, Addendum 7
Questions and Responses

DMAS #	RFP Cite	Vendor Question	DMAS Response
217	Addendum 4 Attachment 2	<p>How will DMAS calculate the “Negotiated Final Offer” that will be used to determine the “Best Value Score” noted in the table? Will takeover costs (Schedule B-1 from RFP Section 4.4.6.2) be included in that figure or will the “Negotiated Final Offer” be calculated using only the Operations Phase Price Schedules (Schedule C-1)?</p> <p>How many years of operations will be included in the “Negotiated Final Offer” figure?</p>	<p>See response to question #190 in Addendum #6.</p> <p>Yes. Takeover costs are included in the calculation.</p> <p>For Fiscal Agent Services, there are 4 base-years of operations included in the “Negotiated Final Offer” figure.</p>
218	Addendum 4 Attachment 2	<p>Including takeover costs in the “Negotiated Final Offer” without any adjustment can present a significant disadvantage to a non-incumbent offeror that can hinder competition. Will DMAS consider modifying the cost scoring formula to de-emphasize or remove a significant portion of the takeover costs from the evaluation formulae?</p> <p>For example, an incumbent team will not necessarily need to acquire new licenses for numerous COTS products needed for the VAMMIS system – effectively re-licensing the COTS software components in place today.</p> <p>Would DMAS consider offering a scoring credit or offset for each itemized COTS license fee that would allow these specific and verifiable costs to be effectively eliminated from the evaluated takeover cost for scoring purposes?</p>	<p>The answer to both questions is no.</p>

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DMAS #	RFP Cite	Vendor Question	DMAS Response
219	Addendum 4 Attachment 2	With price providing 50% of points that will determine the successful offeror, costs that would not be borne by an incumbent team play a magnified role in determining the “Best Value Score” for the offerors. To minimize the impact of these one-time costs and to further level the competitive landscape, would DMAS consider including all base and option years of Operations (the entire project price) in the evaluated “Negotiated Final Offer,” which would more accurately determine the “Best Value Score” for the Commonwealth?	Price has no point value. For each of the 3 contracts, the Negotiated Final Offer will include the Takeover Phase Cost without optional enhancements plus the Operations Phase Price. The annual Operations Phase Price from Schedule C-1 will be multiplied by the number of base years for the contract to arrive at the total Operations Phase Price to be included in the Negotiated Final Offer. DMAS will not include the costs for option years in the Negotiated Final Offer because there is no guarantee that an Offeror’s contract will be extended for one or more of those years.

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DMAS #	RFP Cite	Vendor Question	DMAS Response
220	2.1.14	<p>Executive Order 29 calls for Virginia agencies, departments and universities to direct 40% of their spending to certified SWaM vendors.</p> <p>a) What percentage of DMAS purchases are from SWaM vendors?</p> <p>b) Is there a target for SWaM participation in contracts resulting from this RFP? What is the target?</p> <p>c) Does DMaS intend to enforce contractual compliance regarding commitments to use SWaM subcontractors? Or may bidders over-commit to maximize scoring with little intention of actually using the proposed sub?</p> <p>This issue is of real concern to potential subcontractors considering the wide disparity between what was proposed and what is actually subcontracted under the current contract. (Proposed SWaM participation = 12.5% of Operations; actual participation virtually nil)</p> <p>Unless DMaS can ensure enforcement of proposed subcontracts small, minority and women-owned businesses may be reluctant to invest time and money taking part in this RFP,</p>	<p>a) This question is not relevant to the RFP.</p> <p>b) No</p> <p>c) Clause 12, Reporting, of the Fiscal Agent Services Contract, the Provider Enrollment Services Contract, and the Drug Rebate Services Contract addresses Small Business Subcontracting, evidence of compliance, and remedies available for enforcement by the agency.</p>
221	2.3 (p. 2-12)	<p>For the purpose of this response, we have made the assumption that the terms “Strategic Relationship” and “Related Offerors” relate only to this project. Please confirm our assumption.</p>	<p>Your assumption is correct.</p>

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222	4.2.7 (p. 2-12)	<p>Please consider the following points regarding RFP 2008-02. All pertain to RFP 4.2.7 Contract Staffing and/or to the various sections relating to SWAM enterprises:</p> <p>1. The RFP indicates that the requirement to locate contractor functions within a fifteen mile radius of DMAS will be waived for functions that are subcontracted with DMAS approval.</p> <p>a) How would a bidder go about securing DMAS approval for such a subcontract prior to bid submission? This could be significant. A prudent contractor may be reluctant to price a proposal based on assuming lower costs through such a subcontractor. This could result in higher costs to the state and could steer bidders away from subcontractors outside the fifteen-mile zone. Could this requirement be waived altogether (or changed to an in-state location) for functions such as data entry that historically have been subcontracted and performed apart from a contractor's primary location?</p> <p>b) In the most recent procurement (RFP 98-02) DMAS initially included data entry in the fifteen mile requirement. On further consideration, "Payment requests data entry" was exempted. [See attached RFP 98-02, pp.143-144 and Addendum 4, 5.5.2.] Will DMAS make a comparable amendment to this RFP?</p> <p>c) Relative to the above, considering the transparency of where claims data entry is performed, it would appear against the State's interest to exclude SWAM-qualified sources or those in HUB zones or otherwise economically distressed areas. [This firm, for instance, operates in a region whose unemployment rate is 30-35% higher than Richmond's.]</p> <p>d) The statutory basis for eliminating such restrictions may be found in the federal law and policy governing this procurement. Both law and policy pointedly encourage states to "promote and encourage" maximum "full and open competition in soliciting and awarding Government contracts." This is articulated in OMB Circular A-102 and the Federal Grant and</p>	See response to question #48 in Addendum #2.

10/23/2008

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RFP 2008-02, Addendum 7
Questions and Responses

DMAS #	RFP Cite	Vendor Question	DMAS Response
		policy governing this procurement. Both law and policy pointedly encourage states to “promote and encourage” maximum “full and open competition in soliciting and awarding Government contracts.” This is articulated in OMB Circular A-102 and the Federal Grant and Cooperative Agreement Act of 1977 [and implementing regulation 43 FR 36830.]	
223	4.1.1.3.5 (p. 4-7)	Can DMAS please clarify whether the magnetic stripe needs to be Hi-Co or Lo-Co?	Lo-Co.
224	4.1.7.4 (p. 4-52)	What is the Commonwealth's strategy/direction regarding Electronic Health Records; Personal Health Records and Health Information Exchanges?	From the Commonwealth’s perspective, although there are currently no Electronic Health Records, Personal Health Records and Health Information Exchanges projects underway, in April 2008 the Governor’s office began participating in the Health Information Security and Privacy Collaborative (HISPC), a federally subsidized, private-public collaboration of 45 states and territories working to address interoperability issues relating to inter-state health information exchanges. The HISPC collaboration is working to resolve the privacy and security challenges posed by Health Information Exchanges within each of their states.
225	Appendix E.I # 69 (p. E.I-14)	In an effort to obtain significant cost savings, is the Commonwealth willing to mandate electronic (Internet) provider remittance advices, managed care rosters, provider bulletins, and provider manuals, also reducing the voluminous paper documentation and providing significant saving in postage costs?	No.
226	Appendix E.I #160 (p. E.I-35)	Can any of the RFP-identified Key positions also act as the Takeover Manager?	If by “Takeover Manager” you mean “Project Manager” yes, as long as all defined position requirements are met.

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227	Appendix F.I #23 (p. F.II-3) Appendix F.II Table F-3 SLA #15 (p. F.II-3)	Question 23, Bullet 6 states, “Modify manual(s) within ten (10) business days of a change.” The SLA states that the Performance Target is for less than or equal to 5 business days. Please clarify which is correct.	Appendix F.I #23 is correct. The SLA is amended.
228	Appendix F.I # 33 (p. F.I-9)	#33 "Will the Offeror's web-based Provider Enrollment and Maintenance application verify provider enrollment data using electronic exchanges with the following: <ul style="list-style-type: none"> • National Practitioner Data Bank (NPDB) or • Healthcare Integrity and Protection Data Bank (HIPDB)?" There are significant charges for the use of these services. Are these charged a direct cost to DMAS?	In the event DMAS elects to use this capability, cost will be negotiated at that time. Requirement #33 is amended.
229	Appendix F.I # 91 - 92 (p. F.I-16)	PES questions # 91 and 92 seem to be simple “YES” or “NO” answers. Similar questions have been asked in FAS and DRS and do not require “Describe the approach”. Will DMAS please confirm if “Describe the approach” is required for these questions?	Requirement #91 and 92 have been amended to remove “Describe the approach” from the requirement.

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DMAS #	RFP Cite	Vendor Question	DMAS Response
230	Appendix F.II Table F-3 #13 (p. F.II-3)	Appendix F.II, Table F-3, #13: This SLA indicates that 1099 discrepancies must be resolved ≤ 30 days notification of discrepancy from DMAS 95% of the time. Is resolution defined as utilizing the IRS First and Second B Notice process?	Yes. Resolving 1099 discrepancies includes the process of generating and sending IRS First and Second B notices in compliance with IRS requirements, in addition to taking appropriate action throughout the year to ensure 1099 information is correct and notifying DMAS of Payee penalty withholdings requested by IRS.